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C O N F I D E N T I A L SECTION 01 OF 02 STOCKHOLM 000755

SIPDIS

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SUBJECT: READOUT OF EU-RUSSIA SUMMIT

REF: STOCKHOLM 694

Classified By: PolCouns Marc Koehler for reasons 1.4 (B) & (D)

¶1. (C) Summary: The EU-Russia Summit in Stockholm did not result in significant breakthroughs, but Sweden delivered on tangibles such as the launch of five cross border cooperation programs to which Russia contributed EUR 103 million (\$155 million), the start of expert level talks on a framework agreement on crisis management cooperation, a deal on classified information sharing, and an agreement on an early warning system for disruptions to energy supplies, according to the Swedish Deputy Director for Eastern Europe and Central Asia, Tobias Thyberg on November 27. In a separate November 24 meeting with the Ambassador, Swedish Foreign Minister Carl Bildt commented that the EU-Russia Summit had been "unexpectedly good."

¶2. (C) Thyberg noted as important: Medvedev,s descriptions of South Ossetia and Abkhazia as "territorial entities," new Russian commitments on climate change, Russian President Medvedev,s comments on choosing the fastest track when it comes to Russia,s WTO accession, Moscow,s willingness to work within the framework of the Energy Charter Treaty, and Russian expression of interest in trilateral cooperation with the US on energy and drug trafficking. Sweden delivered the standard messages on human rights, which did not elicit a response from the Russian side. End Summary.

Summit Highlights

¶3. (C) While international issues did not dominate the summit discussions, Thyberg noted Medvedev,s choice of words to describe Abkhazia and South Ossetia as "territorial entities" and not as independent countries. Medvedev commented that the situation surrounding the future of the two entities is unclear. Sweden was unsure what motivated Medvedev,s choice of words, but saw no change in Russian policy, according to Thyberg. In a response to a question about discussions on Iran, Thyberg noted Medvedev described Iran sanctions as a "worst case scenario."

¶4. (C) Russia committed to reduce greenhouse emissions by 20-25 percent from 1990 levels by 2020, compared with its previous commitment to cut emissions by 10-15 percent. While Thyberg acknowledged that the new commitment is not substantial, it is politically important.

¶5. (C) Medvedev unequivocally said that Russia will choose the fastest track to join the World Trade Organization. (Note: The Swedes understand "fastest track" to imply Russia joining separately from the planned customs union with Kazakhstan and Belarus.) Medvedev indicated that he does not intend to make permanent tariff hikes put in place as a result of the financial crisis, adding that such protectionist measures have been useless to the Russian economy, according to Thyberg.

¶6. (C) Russia expressed willingness to work within the architecture of the Energy Charter Treaty (ECT) if Russian

views and interests are taken into account. Currently, Russia objects to the ECT on the grounds that it is biased towards gas importing and transiting countries. According to Thyberg, Russia would like to exercise more sovereignty over its energy sources and further restrict Western control and ownership of Russian assets, while securing greater access to Western technology.

¶17. (C) Medvedev expressed interest in trilateral cooperation on energy and drug trafficking between the US, EU, and Russia. He noted ongoing cooperation in the area of energy between the EU and Russia on one hand and the EU and US on the other as basis for possible trilateral cooperation. Thyberg said Sweden did not respond to these comments.

¶18. (C) European Commission President Barroso suggested at the Summit the establishment of a Partnership for Modernization "between the EC and Russia." Although Thyberg was not sure what such partnership would involve, he opined it may include Commission assistance with regulatory harmonization. Medvedev responded that Russia is interested in "regulatory approximation."

PCA Talks Moving Forward Slowly

¶19. (C) Thyberg assessed that talks on a new Partnership and Cooperation Agreement (PCA) between the EU and Russia are progressing steadily and characterized the current state of the talks as "not good, but also not bad." A second round of meetings is expected in the beginning of December 2009 in Brussels, which follows the first round last September.

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Summit Planning Dynamics

¶10. (C) As one of the main Swedish summit organizers, Thyberg offered insights into the planning process, saying that some EU capitals expressed concerns about Sweden,s unpredictability in managing EU-Russia relations. But he noted that these concerns were addressed through transparency in preparations and assurances that Sweden would not go beyond EU consensus. Thyberg reflected that while some of these concerns about Sweden were perhaps voiced in the form of backroom comments, they never came up to the surface nor did he register negative pressure on Sweden from other EU members at his level. He noted the existence of well-established EU procedures for pre-summit coordination, such as orientation notes, which leave little room for surprises. He noted complete solidarity from the EC and large EU Member States with Sweden,s insistence to hold the Summit in Stockholm in the face of failed Russian attempts to change the venue to Brussels.

Foreign Minister Bildt on the Summit and Russia

¶11. (C) In a separate, November 24 meeting with the Ambassador, Foreign Minister Bildt said that the EU-Russia Summit had been "unexpectedly good." On the topic of his November 21-22 visit to Moscow, Bildt said "you don,t find many people in Moscow who take Medvedev seriously. Our policy is to build him up, but it is clear that the power is elsewhere." Bildt said that during this recent visit, he encountered an "atmosphere of loss of direction on where Russia is going, very different from before the financial crisis." (Thyberg explained that the purpose of Bildt,s post-Summit trip to Moscow was to attend a RAND Corporation-sponsored business event in his capacity as member of the "Board of Directors.")

¶12. (C) Comment: The EU-Russia Summit in Stockholm marks a new chapter, although not a reset, in bilateral relations between Stockholm and Moscow. A notable change in

atmospherics did not entail a corresponding change in substance. Sweden,s decision to approve the permits for the construction of the Nord Stream pipeline (reftel) ahead of the Summit certainly helped to set a positive tone that contributed to a pragmatic and unemotional exchange of views between Moscow and Stockholm. End Comment.
BARZUN